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Message Text

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ACTION AGR-20

INFO OCT-01 EUR-25 NEA-10 ADP-00 EB-11 AID-20 COME-00

OMB-01 STR-08 CIAE-00 INR-10 NSAE-00 RSC-01 PA-03

PRS-01 USIA-12 SS-15 NSC-10 RSR-01 /149 W
---------- 030689
R 221845 Z JUN 73
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 5139
INFO AMEMBASSY ISLAMABAD
AMEMBASSY KATHMANDU 5995
AMEMBASSY LONDON
AMEMBASSY OTTAWA
AMCONSUL BOMBAY
AMCONSUL CALCUTTA
AMCONSUL MADRAS

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PASS AGRICULTURE

E. O. 11652: N/ A
TAGS: ENGR, IN
SUBJECT: WEEKLY FOODGRAIN SITUATION

REFS: A) NEW DELHI 7043 B) NEW DELHI 7141

BEGIN SUMMARY: ACTIVITIES IN FOOD AND AGRICULTURE WERE RELATIVELY QUIET DURING THE PAST WEEK. TOTAL WHEAT PRODUCTION IN THE PUNJAB ACCORDING TO THE STATE CHIEF MINISTER WILL BE DOWN BY 20 - 25 PERCENT. PREVIOUSLY IT WAS BELIEVED THAT PUNJAB, A LEADING WHEAT PRODUCING STATE, WOULD MEET ITS PRODUCTION TARGET OF 5.8 MILLION TONS. WE NOW BELIEVE TOTAL WHEAT PRODUCTION FROM THE CURRENT HARVEST WILL BE IN THE 25-26 MILLION TON RANGE. CONTINUING DELAYS IN FINALIZAING ARRANGEMENTS FOR ADDITIONAL FOODGRAIN IMPORTS ARE OF INCREASING CONCERN AMONG GOVERNMENT OFFICIALS IN VIEW OF THE URGENT NEED FOR OUTSIDE SUPPLIES TO REACH INDIA
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BEFORE THE NEXT " LEAN SEASON" IN SEPTEMBER- OCTOBER. END SUMMARY.

1. FOR THE WEEK ENDING JUNE 22, ACTIVITIES IN FOOD AND AGRICULTURE WERE RELATIVELY QUIET. PERHAPS THE MOST IMPORTANT DEVELOPMENT WAS AN ANNOUNCEMENT BY THE CHIEF MINISTER OF PUNJAB STATE THAT THE CURRENT WHEAT HARVEST IN PUNJAB WILL BE 20 TO 25 PERCENT BELOW THE PRODUCTION TARGET OF 5.8 MILLION METRIC TONS. THE CHIEF MINISTER APPOINTED A SPECIAL COMMITTEE TO INVESTI- GATE THE CAUSES OF SHORTFALL IN PRODUCTION AND TO RECOMMEND REMEDIAL MEASURES. PRODUCTION LOSSES DUE TO RUST INFESTATION ARE RECEIVING MORE AND MORE ATTENTION AS A MAJOR CAUSE OF THE PRO- DUCTION SHORTFALL. THIS SUBJECT WILL BE DEALT WITH IN MORE DETAIL IN A SUBSEQUENT REPORT AS MORE INFORMATION BECOMES AVAILABLE.

2. MINISTER OF STATE FOR AGRICULTURE A. P. SHINDE STATED RECENTLY THAT THE CURRENT WHEAT HARVEST IS EXPECTED TO TOTAL 28 MILLION TONS WHICH IS TWO MILLION TONS LOWER THAN EARLIER OFFICIAL PROJECTIONS. EMBOFFS BELIEVE SHINDE' S ESTIMATE

IS TOO HIGH AND THAT HARVEST IS LIKELY TO BE IN 25 - 26 MILLION TON RANGE COMPARED TO 26.5 MILLION TONS LAST YEAR.

3. THE RATE OF WHEAT PROCUREMENT BY GOVERNMENT AGENCIES DECLINED SHARPLY IN THE PAST WEEK. OFFICIAL FIGURES ARE NOT AVAILABLE BUT INFORMATION FROM UNOFFICIAL SOURCES INDICATE TOTAL PROCUREMENT TO- DATE IS ABOUT 4.1 MILLION TONS OR AN INCREASE OF 400,000 TONS DURING THE PAST WEEK. IT IS UNLIKELY THAT TOTAL GOVERNMENT WHEAT PROCUREMENT WILL EXCEED LAST YEAR' S LEVEL OF 5.1 MILLION TONS.

4. AFTER A GOOD INITIAL START AND SATISFACTORY PROGRESS DURING THE FIRST TWO WEEKS OF JUNE, THE MONSOON ACTIVITY WEAKENED OVER MUCH OF CENTRAL AND SOUTH- EASTERN PARTS OF THE COUNTRY. DURING THE WEEK ENDING JUNE 20, THERE WAS VIRTUALLY NO RAIN IN MHARASHTRA, MADHYA PRADESH, RAJASTHAN, TAMIL NADU, ANDHRA PRADESH AND ORISSA. THIS SLACKENING OF MONSKOON RAINS IS CAUSING CONCERN AMONG FARMERS AND GOVERNMENT OFFICIALS, PARTICULARLY IN MAHARASHTRA STATE, BUT ERRATIC VARIATIONS IN RAINFALL AT THIS EARLY STAGE OF THE MONSOON SEASON ARE NOT NECESSARILY SIGNIFICANT.
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5. COMMENTS - APPREHENSION IS INCREASING AMONG SOME STATE AND CENTRAL OFFICIALS OVER CONTINUED DELAYS IN FINALIZING PLANS FOR ADDITIONAL FOODGRAIN IMPORT WHICH SHOULD ARRIVE BEFORE THE NEXT " LEAN SEASON" IN SEPTEMBER- OCTOBER 1973. IT HAD BEEN EXPECTED THAT THE PRIME MINISTER WOULD ANNOUNCE ADDITIONAL WHEAT PURCHASES DURING HER VISIT TO CANADA. THIS DID NOT

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MATERIALIZE ALTHOUGH IT WAS AGREED THAT A CANADIAN TRADE TEAM WOULD VISIT INDIA THIS FALL TO DEVELOP A LONG TERM TRADE AGREEMENT WHICH IS EXPECTED TO INCLUDE WHEAT.

6. CENTRAL OFFICIALS WHO ARE RESPONSIBLE FOR FOODGRAIN DISTRIBUTION THOUGHOUT INDIA ARE KEENLY CONCERNED OVER THE APPROACHING GAP BETWEEN AVAILABLE SUPPLIES AND REQUESTS SUBMITTED BY THE STATES. THEY REALIZE THAT FOODGRAIN IS BEING HOARDED IN MANY PARTS OF THE COUNTRY. IN VIEW OF THE LIMITED SUPPLIES AVAILABLE TO THE CENTRAL GOVERNMENT, IT WILL BE NECESSARY TO MAKE ADJUSTMENTS IN ALLOCATIONS TO THE STATES TAKING INTO ACCOUNT THE JUDGMENT OF CENTRAL OFFICIALS CONCERNING HOARDED STOCKS. THIS PROCEDURE OBVIOUSLY INVOLVES SEVERAL UNKNOWNS. THE SEGMENT OF THE POPULATION THAT MY BE HURT UNDER THIS DISTRIBUTION PLAN WILL BE LOW INCOME FAMILIES WHO DEPEND ON FAIR PRICE SHOPS FOR THEIR DAILY FOODGRAIN RATIONS.

7. THE BONUS SCHEME FOR INCREASING GOVERNMENT PROCUREMENT OF WHEAT EXPLAINED IN PARA 1(B) OF REF A HAS NOT HAD ANY NOTICIEABLE EFFECTS ON GOVERNMENT PROCUREMENTS.
SCHNEIDER

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TAGS: ENRG, IN
To: AGR
BOMBAY
CALCUTTA
ISLAMABAD
KATHMANDU
LONDON
MADRAS

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